

**NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
REVIEW REQUIREMENTS
PROFESSIONAL LIABILITY**

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
FORMS		
APPLICATIONS		
Fraud Warning Required	N.J.S.A. 17:33A-6 & N.J.A.C. 11:16	Not required to be filed, must contain fraud statement as follows: "Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties."
CANCELLATION & NONRENEWAL		
Cancellation by insured	N.J.S.A. 17:29C-4.1	Requires every policy to have language allowing the policy to be cancelled upon written request of the Insured. The insurer may retain customary short rate for the time in force and return to the insured the policy's unearned premium.
Cancellation by the company	N.J.A.C. 11:1 - 20	Non-payment of premium require a minimum of 10 days notice prior to effective date of termination. Other reasons require a minimum of 30 days notice, but no more than 120 days.
Nonrenewal	N.J.A.C. 11:1 - 20	Minimum of 30 days notice is required, but no more than 120 days.
FILING STANDARDS		
30 Day Deemer Provision	N.J.S.A. 17:29AA - 6 & N.J.A.C. 11:13 - 2.1	Policy forms must be filed for approval with the Commissioner at least 30 days prior to becoming effective.
Deregulated Forms	N.J.S.A. 17:29AA - 3 & N.J.A.C. 11:13	Policy forms for the following lines are not required to be filed: ocean marine, commercial inland marine, commercial excess liability, fidelity & surety, boiler & machinery and items identified on the Commissioner's exportable and special risk lists.
POLICY PROVISIONS		
Claims - Made	N.J.S.A. 39:6B	Permitted but must provide an extended reporting period of at least 30 days, even if the policy is cancelled.
Extended Reporting Period	Unpublished Requirement	<u>All claims - made policies must provide at a minimum a 30 extended reporting period, even if the policy is cancelled or non - renewed for any reason. Policyholder notices must be offering coverage options for ERPs along with premium quotes. Provisions should be included in the policy/manual rules that reflect the automatic quotes for the ERP upon cancellation/termination/non-renewal of the policy.</u>
Renewal / Non - renewal notice	N.J.A.C. 11:1 - 20.2	<u>Medical malpractice carriers shall mail / deliver notices of non - renewal / renewal of premium a minimum of 60 days notice, but no more than 120 days.</u>
LIABILITY LIMITS		
Aggregate Limits	Unpublished requirement	Commercial policy must contain a statement in 14 point universal bold print indicating policy is subject to a general aggregate limit.
Deductible Endorsement	FHA Letter 92 (42) (Revision 3)	Establishes a \$1,000 maximum deductible amount that applies to attorneys involved in FHA loan closings.
Defense Costs Within Limits	N.J.A.C. 11:13 - 7.3 (c)	<u>Permitted for lawyers/medical malpractice policies that provide at least \$1 million limit of liability.</u>
	N.J.A.C. 11:13 - 7.3(a)	All other professional liability policies defense costs, including prejudgment and postjudgment interests are NOT permitted within the liability limit and must be a supplementary payment in addition to the liability limit.
EXCLUSIONS		
Fungi/Mold	Bulletin 03 - 24	Permitted but must comply with Bulletin
Lead Paint	N.J.A.C. 11:13-7.4	Must comply with regulation
Terrorism	Bulletin 02-02	Permitted but must comply with Bulletin
Sexual Molestation Exclusion	Unpublished requirement	Permitted only if an optional buy back coverage is offered. The rates for the buy back must be submitted with justification.
Regulatory Claim	N.J.S.A. 17:29AA - 10 & 11	Limits exposure for claims based upon insolvent financial institutions (applies to Lawyers Professional Liability policies ONLY). There is a reduction in coverage with no corresponding reduction in rates.
Resolution Trust	N.J.S.A. 17:29AA - 10 & 11	Excludes coverage for claims brought by the Resolution Trust Company and related entities against the law firm (applies to Lawyers Professional Liability policies ONLY). There is a reduction in coverage with no corresponding reduction in rates.
Specified Entities	N.J.S.A. 17:29AA - 10 & 11	Excludes any entity which presents an exposure which the filer's program do not intend to cover (applies to Lawyers Professional Liability policies ONLY). There is a reduction in coverage with no corresponding reduction in rates.

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Unfair Policy Forms	N.J.S.A. 17:29AA-6; 17:29AA-11 & N.J.A.C. 11:13-1.4	Policy Forms Standards that prohibits forms which are unfair, inequitable, misleading or contrary to law or produce rates that are excessive, inadequate or unfairly discriminatory.

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RATES & RULES		
MINIMUM COVERAGE LIMITS		
Minimum Liability Limits	N.J.A.C. 13:35-6.18(a) and N.J.A.C. 11:13 - 7.3(d)	Physicians and Surgeons \$1,000,000 per incident/\$3,000,000 per aggregate
Minimum Liability Limits	N.J.A.C. 11:10 - 1.11 (b)	Dentists \$1,000,000 per incident/\$3,000,000 per aggregate
Minimum Liability Limits	Rule 1:21 - 1A(a)(3)	Lawyers \$100,000 per incident/\$300,000 per aggregate
PRICING		
Rating Standards	N.J.S.A. 17:29AA-10	Rates shall not be excessive, inadequate or unfairly discriminatory
Deductible Options	N.J.A.C. 11:27 - 3	Offer medical malpractice professionals five deductible options between \$5,000 and \$1,000,000 with a premium reduction.
Prohibited Rate Increase	N.J.A.C. 11:27 - 5	Medical malpractice rate increases are NOT allowed when and insured is dismissed by the insurer prior to or within 180 days after the filing of the last responsive pleading in the action.
Rates/Rules	N.J.S.A. 17:29AA-8 and 9	An insurer may itself established rates and supplementary rate information or may use rates prepared by a rating organization of which it is a member. In making rates due consideration given to past and prospective loss experience, all factors reasonably related to the kind of insurance involved, a reasonable profit for the insurer and in the case of participating insurers, policyholders' dividends.
Loss Costs Procedures	N.J.A.C. 11:13-8	Lost Cost filings must be filed in accordance with the Prospective Loss Cost Procedures.
Commercial Rating Plans	N.J.A.C. 11:13 - 6.5	All rating plans must comply by providing a maximum credit or debit of +/-25% from base rates for a single policy. Not applicable to experience, retrospective rating or expense modifications plans.
Waiver of Consent to Settle	N.J.A.C. 11:27-2	Offer medical malpractice professionals a waiver of consent to settle for a premium reduction.
Premium Payment Installments	N.J.A.C. 11:27-1.4	Offer medical malpractice professionals installment plans (three payments and five payments) options.
FILING STANDARDS		
Use and File	N.J.S.A. 17:29AA-5	Requires all rates and supplementary rate (rules) information to be filed not later than 30 days after becoming effective.
Deregulated - Rates/Rules	"Exportable List" N.J.S.A. 17:29AA - 3 and N.J.A.C. <u>11:1-34.6</u>	Policy rates/rules for the following lines are not required to be filed: ocean marine, commercial inland marine, commercial excess liability, fidelity & surety, boiler & machinery and items identified on the Commissioner's exportable list.
	"Special Risk List" N.J.S.A. 17:29AA - 12 and N.J.A.C. 11:13-4.1	Rates which are excepted from a bureau manual that are "a" rated, "refer to company" or "submit to company"; risks which produce a minimum annual premium in excess of \$10,000 of which the rates and rules are deregulated but the policy forms must be submitted for review; or designated as a special risk exception on the List of Special Risks list.
GENERAL FILING REFERENCES		
Consent To Higher Rate Filings	N.J.S.A. 17:29AA-15 and N.J.A.C. 11:13-5.1	Consent To Higher Rate Filings are permissible for those individual risks that have unique characteristics that are not contemplated by the company when developing the rate for the average risk in that class.
Statistical Reporting	N.J.S.A. 17:29AA-16	Insurer must report statistical information to a statistical agent